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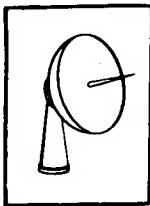
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FROM: Herbert E. Meyer
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Herbert E. Meyer

**Confidential**

EARLY WARNING

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The Soviet Plan for Peru

Overshadowed by events to its north and east — the guerrilla wars in Central America and the transition to democracy in Brazil and Argentina — Peru is emerging as one of the most vulnerable targets in Latin America for Soviet-Cuban expansionism. Close to bankruptcy and racked by a savage terrorist campaign, Peru is now gearing up for presidential elections in which the leading contenders represent rival factions of the left. The Soviets, who maintain extensive links with “progressive nationalists” in the officer corps, are hoping that the changed situation after April 14 will provide them with new opportunities to establish a base in the Andes.

More than 200 Soviet military advisers have been seeking to exploit Peru's prevailing statist philosophy and the defensive paranoia of some military men derived from a history of conflict with hostile neighbors - Chile, Bolivia, Ecuador - to which it has been obliged to cede territory in past wars whose memory is kept alive in schools and cadet courses. And it is no accident that the irruption of a major guerrilla campaign that has served to undermine both the economy and public confidence coincided with the inauguration of a moderate democratic government after a period of dictatorial rule by leftist generals broadly sympathetic to Moscow and Havana.

Peru rarely occupies a prominent place in Western reporting on the Latin American debt crisis. Yet, with a public sector debt of \$10.5 billion and a private sector debt of \$1.9 billion, it is Latin America's sixth-largest debtor nation; and in terms of debt per capita, it ranks as one of the top four. To be sure, Brazil, Mexico, Argentina, Venezuela and Chile, all have heavier debt burdens. Unlike these countries, however, Peru distinguished itself just six months ago by ceasing to service its foreign debt; and there is little prospect that interest payments will be resumed any time soon. One reason for this is the envenomed political campaign now under way in the run-up to the April polls.

Anti-Americanism is becoming one of the guiding themes in that campaign. Uncle Sam is being flayed for all the familiar reasons and for some that are more idiosyncratic. For example, many Peruvians think the United States is partial to its traditional adversaries, Chile and Ecuador. More important, the anti-drug campaign that is being pursued with increasing determination by the **Reagan** administration, is less than welcome in rural areas whose economies have become geared to coca production. Indeed, some U.S. experts believe that for the past two years Peru has been producing up to half of the raw materials for international cocaine production.

Resurgence of the left

The brightening prospects for the Marxist left - and its foothold in the Peruvian armed forces - must be understood against the backdrop of a long tradition of revolutionary

activity. In the 1930s, the Peruvian ideologue, **José Carlos Mariategui**, was one of the standard-bearers for Marxism-Leninism in South America. Another Peruvian writer, **Eudocio Ravines**, the author of *The Yenan Way* and later famous as an apostate, also was highly influential in spreading Marxist doctrine. The Peruvian armed forces were among the first in the continent to establish senior war colleges (*escuelas superiores de guerra*) to provide nationalist-oriented courses in geopolitics and international economics. From the beginning (and to the present day) many instructors were orthodox Marxists drawn from a heavily left-politicized university environment.

Peru is also the birthplace of APRA, the acronym for the *Alianza Popular Revolucionaria Americana* [American Popular Revolutionary Alliance]. Founded by the exiled Victor Raúl Haya de la Torre, a first-hand observer of Mexico's revolutionary convulsions in the 1920s, APRA always has been on the margin of political power - largely thanks to the (pre-“progressive”) armed forces, which robbed it of election after election. But today, the APRA candidate is the favorite to succeed centrist President **Fernando Belaúnde Terry**.

Of the nine contenders for the presidency, only four have any real chance of winning the job. APRA's candidate, **Alan García**, is a federal deputy who models his personal and political tailoring - on his hero, Spanish Socialist Premier **Felipe González**, with whom he is in frequent contact by phone and personal emissary. García, now in his late thirties, has a good chance of winning the election. His party won a majority of the vote in the municipal polls in 1983.

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On García's left is the popular Mayor of Lima, **Alfonso Barrantes**, who is running for the presidency as the candidate of the United Left (IU), a radical coalition dominated by the Peruvian Communist Party (PCP). Federal Senator **Jorge del Prado**, the PCP secretary-general, has been strident in his support for Barrantes, who is self-avowedly a disciple of Mariategui. Barrantes' critics claim that he is a Communist. He denies current Communist Party membership, but not that he may have belonged at some time in the past. He has made at least two trips to Havana.

Centrist candidates

Non-left contenders for the presidency include the government candidate, **Javier Alva Orlandini**, the personal choice of President Fernando Belaúnde, who will run on the Popular Action (AP) ticket, and **Luis Bedoya Reyes**, who is being fielded by a recently-formed grouping, the Democratic Alliance, whose orientation could be broadly described as Christian Democrat. On present indications, Orlandini has slumped to third place in the contest, after APRA candidate García and Christian Democrat Bedoya. As the choice of the incumbent, Orlandini is suffering the combined effects of economic hardship, recurrent power shortages, violent guerrilla incursions, and the controversy over "arbitrary" actions by the security forces.

While the government's man loses ground, Alan García has been seeking to maximize his support on the left by calling for Cuba's re-integration into the Organization of American States (OAS) and by attacking U.S. economic and foreign policy. His current line, often reiterated, is that the United States is to blame for driving Fidel Castro into the Soviet camp. Some of García's lieutenants have made private overtures to members of the American business community, seeking to reassure them that their candidate's campaign rhetoric should not be mistaken for policy. However, *EW*'s sources in Lima believe that García's election victory would be followed by the further extension of state control over the economy.

Would the high command intervene, as it has done in the past, to prevent APRA from taking power? Informed sources believe that the armed forces most probably will stay on the sidelines after April - unless the hard-left candidate, Barrantes, were to emerge the victor. The newly installed Defense Minister, General **Julian Julia Freyre** - a moderate - recently announced to a gathering of the general staff that he intended to respect the election results. The armed forces already have a lot to contend with in the *Sendero Luminoso* [Shining Path] guerrillas.

"Maoist" terrorism

The most aggressive Peruvian guerrilla movement, *Sendero Luminoso*, like the other components in the country's Marxist spectrum, derives much of its ideology from José Carlos Mariategui. It is routinely - but confusingly - described in the Western press as a "Maoist" organization. This should not be taken to mean that it is pro-Chinese; still less, that it is anti-Soviet. On the contrary, intelligence sources believe that *Sendero Luminoso* is being backed clandestinely by the Soviets and the Cubans as part of a "two-track" strategy in Peru. It is true that the orthodox pro-Soviet Communist Party of Peru has rejected *Sendero Luminoso* and its terrorist methods. But it has

been standard practice for many decades for Latin American Communist parties to condemn "extremist" guerrilla groups unless instructed otherwise by Moscow. Witness the Cuban Communist Party's initial rejection of Castro's July 26 Movement, or the Bolivian Communist Party's cold-shouldering of Che Guevara's guerrilla expedition. For the moment, there are two compelling reasons for Peru's orthodox Communists to divorce themselves from the *Senderistas*:

1. The Peruvian Communists are trying to exploit the electoral process, both by suborning Barrantes and by infiltrating Aprista circles. Open PCP identification with the terrorist left would explode this tactic.
2. Communist Party backing for the *Senderistas* would help to swing the government and the high command against the large-scale Soviet presence in Peru.

From the perspective of the KGB and Cuban DGI experts tasked with dealing with *Sendero Luminoso*, the organization's main function is to contribute to the social and political decomposition of Peru, and to do so in such a way that Soviet military aid will be received with increased, not lessened, gratitude by the authorities.

Sendero Luminoso was conceived in large part by **Abimael Guzmán**, a Marxist academic who taught at the University of Ayacucho and was a long-term associate of Argentina's Cuban-backed *Montoneros* terrorist movement. According to intelligence sources, the Peruvian group has some 2,000 members. Financing comes from criminal extortion and robbery (including participation in the profits from the drug traffic), and from subsidies from romantic elements of the European left, from **Colonel Qaddafi**, who uses West European foundations as cut-outs, and from the Soviets, via the Cubans.

Moscow and the high command

Peru was the scene, in the early 1970s, for an ambitious Soviet experiment: an attempt to suborn the military establishment. With the overthrow of the Allende government in Chile by right-wing officers in 1973, Moscow's strategists - starting with **Boris Ponomarev**, the head of the International Department of the CPSU - concluded that it was essential to work for "two-stage" revolutions in Latin America in which the "first stage" would be accomplished by nationalist military figures.

General **Vladimir Kryuchkov**, the head of the *Kontora* (the First Chief Directorate of the KGB), ordered closer cooperation with representatives of the Third Department of the GRU (Soviet military intelligence) in efforts to infiltrate and manipulate the Peruvian military. The existence, at the time, of rightist military régimes in both Chile and Ecuador fed Peruvian paranoia and provided a favorable climate for KGB recruiters as well as Soviet arms salesmen. General **Juan Velasco Alvarado**, Peru's military strongman who was ousted in 1975, catered to Soviet interests. (In a more recent incarnation, Velasco has been active in "peace" initiatives that favor Moscow's plans). In the name of "cultural exchange," many bilateral programs were set up with the USSR that have a legacy that is evident today in the fact that more than 1,500 Peruvians are currently studying in the Soviet Union and East European countries.

Even more important is the flow of Soviet arms and instructors that continues to the present day. There are some 200 Soviet military personnel stationed in Peru in the guise of training and maintenance crews. They are not formally designated as "advisers," but this is their role. Furthermore, the GRU officers

among them, a high proportion, function as intelligence recruiters as well. On any given day, some 400 Soviet officials are in Peru. Regular Aeroflot air service to Lima from Moscow, via Havana, facilitates their comings and goings.

EW previously detailed the scope of Soviet military hardware supplies to Peru (see Vol. II, No. 10). A further point is that Soviet "training and maintenance personnel" have accompanied the equipment to many parts of the country, especially to the southern border with Chile, in the area near Tacna.

The Cuban role

At Moscow's request, the Castro régime also has been expanding its activities in Peru. In recent months, the Cubans have invited a large number of Mayors and other local officials from southern Peru (notably from areas where the Shining Path guerrillas are most active) to visit Havana. One of the latest Peruvian visitors to Cuba was Cuzco mayor **Daniel**

Estrada, an *Aprista*, who was given a gold medal in appreciation of his support for the Cuban revolution. The Cubans have not neglected the Peruvian military. The air force chief, General **César Enrico Praeli** led a high-level Peruvian military delegation to Havana last fall. Lower-level military visits are commonplace.

Perhaps in belated acknowledgement of their Soviet-Cuban competition, the Chinese recently put their oar in, inviting Defense Minister Freyre, the Lima district commander and other army brass to Beijing for a two-week visit. But in the opinion of seasoned intelligence observers, there is no sufficient countervailing influence, at present, to that of the Soviets and their surrogates. While the Peruvian navy remains staunchly pro-Western, Soviet Bloc subversion among the other services proceeds apace, and may help to present the Soviets with an extraordinary opportunity in Lima after the April elections. [C]

Anti-NATO Terrorism in Europe

Belgium has become the focal point for political action campaigns designed to sabotage further "Euromissile" deployment. Belgium's young Prime Minister, **Wilfried Martens**, has emerged as one of the most vigorous and determined Western European leaders in his commitment to withstand Soviet blackmail; but strains within his coalition government have forced him to temporize on the planned deployment of 48 land-based cruise missiles in his country. Meanwhile, Soviet "active measures" programs aimed at dividing the Alliance and exploiting European fears are being stepped up in parallel with Soviet-U.S. arms talks. Security experts believe that the KGB is involved in a new wave of anti-NATO bombings, sabotage and assassination that has wracked West Germany, Spain, Portugal, the Netherlands and France, as well as Belgium.

Five-page letters arrived at the Paris offices of several news media on January 15 which claimed that two of Europe's principal terrorist organizations, the *Rote Armee Fraktion* (RAF) of West Germany and the French *Action Directe* had united to form a joint "political-military front in Western Europe" for the purpose of attacking NATO. Before the month had ended, General **René Audran**, a senior official in charge of arms exports at the Defense Ministry, had been shot and killed. *Action Directe* claimed responsibility for the suburban Paris assassination.

The "Combatant Communist Cells" (CCC), which bombed a U.S. Army facility in a Brussels suburb that day, may be part of the same terrorist coalition. The 55 pounds of plastic explosives used in a December 18 attempted RAF bombing of a NATO facility in Oberammergau were traced to a stock of explosives stolen in Belgium and used in a Paris bombing last August of the West European Union building by *Action Directe*. The CCC has been involved in attacks on U.S. corporate offices, defense contractors and the political parties that support the coalition government in Brussels. The attacks spread to the Netherlands on January 22, when the previously unknown Nordic Terror Front attempted to firebomb the Groningen police headquarters and announced it would attack NATO "and its accomplices." The Dutch police were singled out as "the slaves of imperialism."

The RAF had been decimated by the West German counter-terrorism programs in the late 1970s and early 1980s. A brief flurry of attacks on U.S. military-related targets in 1981 - among them a rocket attack which damaged the car in which General Frederick Kroesen, then U.S. Army Commander, Europe, was riding - ended with the arrests of several RAF fugitives, among them **Christian Klar**. Last year, West German officials estimated that the number of hard-core terrorist fugitives at large had dwindled to some ten people. Now the authorities estimate there are twenty in the hard-core collective leadership (many of whom never met Andreas Baader, Ulrike Meinhof or Gudrun Ensslin), who are supported by a group of some 400 active "sympathizers" who provide safe-houses, transportation, weapons and other services, including direct participation in terrorist actions. Beyond the active terrorist core lies another group of several thousand supporters scattered in more than twenty cities. Recent demonstrations in Berlin, Giessen, Göttingen and Hamburg drew 3,000 to show their "solidarity" with the Red Army Fraction.

On December 4, Klar and **Brigitte Mohnhaupt** (both on trial for murder) announced the start of a strict "water-only" coordinated hunger strike by 39 imprisoned RAF terrorists if their demand that they all jailed in the same prison was not met immediately. Failure to accept the demand, they claimed, would undermine their status as "political prisoners." Several of the hunger strikers were subsequently reported being force-fed, a procedure mandated under German law should a prisoner's health be endangered by fasting. Klar's condition is reported to be deteriorating fast.

The hunger-striking terrorists have been supported by segments of the Green Party, including Berlin's "Alternative List," and local Green Party deputies in Stuttgart, Cologne and the southern state of Baden-Württemberg. In a letter to the Stuttgart Minister of Justice, three Green deputies wrote that the "RAF prisoners and those of the resistance movement are political prisoners."

Bombings and other attacks on U.S., British, French, Turkish and other NATO targets including the giant German electronics company, Siemens, began on December 17 with arson at a Siemens warehouse in Frankfurt that caused more than \$3

million in damages. Some of the attacks indicate increased expertise and sophistication on the part of the terrorists in selecting targets (often related to security and military intelligence) and in gaining access to NATO facilities through the use of military uniforms and identification papers. Here in brief is a chronology of major incidents in terrorist campaign in the West Germany:

December 18: Oberammergau. A terrorist dressed in a U.S. Marine uniform and flashing U.S. military identification papers drove an Audi station wagon containing more than 55 pounds of high explosives and detonators to the officer training school, and abandoned the vehicle 10 yards from the front door. The vehicle, with American plates, had been stolen a few days earlier in Augsburg, some 55 miles north of Oberammergau. A faulty detonator prevented an explosion. Buckets of nails had been packed around the bomb. According to West Germany's Federal Prosecutor, **Kurt Rebmann**, authorities had known the school was a potential target since last July when sketches of a complex prepared by **Eva Haule-Frimpong**, a fugitive, were found in a house raided by police in Frankfurt. Seven suspected RAF terrorists were seized at that time. In a telephone call to a Munich newspaper editor, the RAF claimed responsibility for the attempt.

December 20: Osnabrück. An incendiary device was detonated in a police garage, causing slight damage.

December 21: Frankfurt. Two U.S. Army trucks were set afire near a barracks.

December 24: Osnabrück. A small home-made incendiary device was detonated at a British army barracks.

December 25: Münster. A bomb exploded early on Christmas morning at the Turkish consulate, causing an estimated \$5,000 in damage. Responsibility for the explosion was unknown until January 2, when letters sent to the news media by the RAF terrorists took responsibility for this and other bombings.

December 25: Rütlingen. A regional computer center south of Stuttgart was bombed on Christmas morning, causing more than \$160,000 in damage. A letter signed with the RAF's five-pointed star and taking responsibility was sent to a local newspaper.

December 25: Wertheim. Firebombs were thrown into the vestry of the chapel at the U.S. Army's Peden barracks at Wertheim, some 50 miles southeast of Frankfurt. The fire caused some \$26,000 in damage before being put out.

December 28: Wiesbaden. An incendiary bomb of gasoline plus detonator which was concealed in a plastic bag that had been placed in the administrative building at Lindsey Air Station was dismantled. U.S. Air Force security authorities did not begin searching for the bomb until notified by two West German news organizations who received a letter claiming that a bomb had been planted at the air station, which is the administrative center for a number of U.S. Air Force facilities in southern Germany. The letters had been mailed a day earlier in Frankfurt.

December 29: Heidelberg. In a field of U.S. and NATO radio antennas located along the autobahn between Heidelberg and Mannheim, a bomb destroyed a U.S. Army radio antenna reportedly used in connection with military intelligence. Damage was estimated at some \$100,000.

December 29: Düsseldorf. A bomb concealed in a fire extinguisher was thrown through the window of a building housing office of the U.S. Army's 527th Military Intelligence Battalion, located in a British Army housing and shopping area. Damage was estimated at more than \$16,000. In a letter received by German news media on January 2, the RAF took responsibility for this and other bombings.

December 31: Bonn. Shortly after midnight, a bomb exploded in a French Embassy annex housing electronic and security equipment. Shortly before the explosion, a woman telephoned a warning to the building's janitor and the residents of nearby houses. The building was located three miles from the main French Embassy compound. Damage was estimated at \$35,000. The RAF took responsibility in a letter received by the news media on January 2.

January 2, 1985: Frankfurt. Seven terrorists threw firebombs at the home of U.S. consul **William Bodde**, causing serious damage. The attack came late in the evening while the consul was at home. The terrorists also threw red paint on the door of his neighbor, French consul **Jacques Simon**. Letters taking responsibility were left in the gardens of both houses signed with the RAF's five-pointed star symbol. The letter stated, "Our action is part of the anti-imperialist front in Western Europe," attacked U.S. policy in Central America and expressed solidarity with the RAF hunger strikers.

January 2: Heidelberg. At 2:30 A.M., terrorists drove up to an unoccupied guardhouse at the U.S. Army's airfield, broke a window and threw two firebombs inside.

January 7: Hohenahr. Bombing of the NATO fuel pipeline. Letters received by news media two days later took responsibility on behalf of supporters of the RAF hunger-strikers. One the same day, the Federal Criminal Investigation Department in Wiesbaden issued arrest warrants for six alleged RAF members: **Annelie Becker**, 30; **Sabine Elke Callsen**, 23; **Wolfgang Werner Grams**, 31; **Karl-Friedrich Grosser**, 28; **Eva Sybille Haule-Frimpong**, 30; **Birgit Elisabeth Hogfeld**, 28; and **Thomas Somon**, 31.

January 13: Wiesbaden. An incendiary time bomb similar in construction to that placed at the Oberammergau NATO officers training school was defused outside the regional FRG Army headquarters. Hidden in a plastic sack and placed at the front entrance, the bomb was spotted by a security guard at 7:00 A.M.

January 20: Stuttgart. A powerful bomb, concealed in a baby carriage, exploded prematurely outside the IBM data-processing center as its fuse was being set. Blown to bits in the explosion was **Johannes Thimme**, 28, a friend and follower of **Klar** and **Knut Folkerts**. Thimme had been convicted twice (for soliciting followers for, and membership in a terrorist organization) and had been sentenced in 1981 to an 18-month prison term. His bombing activities had not been detected although his police file designated him a "PB-07" category suspect (one subject to police surveillance because of his known contacts with a terrorist organization). His gravely wounded accomplice, **Claudia M. Wannersdorfer**, 23, a native of Karlsruhe, had been regarded as on the fringes of the terrorist movement for the past four years.

EW sources in West Germany believe that the RAF hunger-strike is not sufficient to account for the widespread

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campaign of sabotage and bombings. The new campaign of sabotage against U.S. military and NATO targets actually commenced last autumn in Portugal, spearheaded by a terrorist group closely related to the slavishly pro-Soviet Portuguese Communist Party. The sabotage spread to Spain and Belgium where the "Combatant Communist Cells" have taken responsibility.

The RAF hunger strike is a ruse intended to mobilize support for violence against NATO targets by the militant left, and to distract public attention from the fact that there are groups in at least five West European countries practicing sabotage against NATO. It is no coincidence that the latest attacks coincide with the revival of U.S.-Soviet arms control negotiations.

The Soviets can hope for the double satisfaction of stepping up anti-NATO pressure through terrorist surrogates at a time when Western governments - hoping for a revival of *détente* - have even less appetite than usual for exposing Moscow's terrorist connections. (Witness the political pressures being applied in Rome to tone down the charges against Bulgarians involved in the plot to kill the Pope, and continued silence on the part of the U.S. administration on that front.)

Terrorist actions against NATO facilities elsewhere in Europe in recent months include:

November 25: Lisbon. Four 60-mm mortar grenades were fired at the U.S. Embassy, causing minor damage. Responsibility was claimed by the April 25 Popular Forces (FP-25), in protest against "imperialist U.S. interference in Portugal." Three weeks earlier, a bomb consisting of rocket shells, detonator and a timing device had been dismantled near the U.S. Embassy. The FP-25 took responsibility for the attempted attack.

December 9: Lisbon. Three grenades were fired at NATO's Iberian Atlantic Command headquarters eight miles outside Lisbon. After the 2:30 am attack, the FP-25 left a communiqué in a Lisbon garbage can stating the attack was "to defend national independence, fight against the NATO pre-

sence and against American imperialism." The explosions smashed windows and damaged a private automobile.

December 11: Belgium. Six bombs were set along a NATO fuel pipeline. The explosions shut down the pipeline for several hours. The Combatant Communist Cells took credit.

December 18: Spain. Three bombs were detonated along a 488-mile pipeline that carries aviation fuel from Zaragoza in northeastern Spain to the U.S. base at Rota, near Cadiz. The pipeline also serves the Spanish air bases used by U.S. forces at Torrejon near Madrid, and at Zaragoza. The first explosion took place at a pumping substation 120 miles east from Madrid, the second at a substation some 35 miles east of Zaragoza, and the third some six miles further along the pipeline, near Valfarta. No organization claimed responsibility.

January 15: Brussels. A car bomb exploded at 3:30 A.M. outside a U.S. Army building housing a chapel, theater, snack bar and administrative offices. Two U.S. military policemen guarding the building saw a car drive up, two people get out and get into a second car which left the scene promptly. The car bomb exploded almost at once. A letter to Belgian newspapers from the Combatant Communist Cells stated that this was their first attack "able to wound or kill Yankee soldiers," and part of their "war against NATO and military imperialism." Damage was estimated at a \$500,000.

January 25: Paris. General René Audran, 56, director of international affairs in the arms sales division of the Defense Ministry, was shot six times and killed as he got out of his car after driving to his suburban home. In telephone calls to the media, *Action Directe* took responsibility.

January 28: Lisbon. Three mortar rounds were fired at three NATO frigates (British, Dutch and Norwegian) at anchor in Lisbon harbor, but fell short by 100 yards. Following the 3 A.M. attack, the FP-25 took responsibility in telephone calls to news agencies. [C]

Power-Struggle in Portugal

An *EW* source in the Portuguese government reports that President **António Eanes** is planning to dissolve Parliament this spring. A major political crisis seems to be in train in this small but strategic NATO ally, as the forces of the left, center and right prepare for the presidential elections already scheduled for the end of this year. Since the "Revolution of the Carnations" in 1974, Portugal has survived the loss of an African empire, a Communist takeover attempt actively assisted by Moscow, and a determined left-wing terror campaign. It has emerged as a fragile but enduring democracy - contrary to the predictions of many Western observers, including **Henry Kissinger** who, according to a knowledgeable source, was ready to write the country off when he was Secretary of State. However, Portugal's democratic institutions will be severely tested in the year ahead, and the possibility of either a return to military rule or a new Communist power-grab cannot be ruled out. There are systemic problems that include:

1. The long term economic and psychological effects of the loss of Portugal's African possessions, which reduced Portugal from a seafaring empire with an essentially

mercantilist pattern of trade to a backward, largely agricultural province of Europe, with a population of scarcely 10 million in search of a collective self-image.

2. The pro-Communist government of Colonel **Vasco Gonçalves** nationalized the country's major financial and industrial groups in 1975 and expropriated the biggest land-holders. No subsequent government has been ready to reverse the situation.

3. The country has had 15 governments in the space of a decade - a measure of its instability and a reason for public skepticism about those in power.

4. Successive governments have been living on credit. The foreign debt has mounted to more than \$15 billion, or \$1,500 per capita - equivalent to four-fifths of the gross domestic product. Some of the government spending has gone to treble the number of civil servants. But it has not prevented unemployment from rising from 40,000 in 1973 (1.7 percent of the working population) to an estimated 550,000 (15 percent) today. Inflation is running at about 25 percent.

5. Corruption and black marketeering are rife, and the rapid

expansion of state control over the economy has produced a socialist *nomenklatura* of high-ranking bureaucrats.

Even Socialist Prime Minister, **Mário Soares** has admitted that Portugal's political system may be on the brink of collapse. The presidential elections could produce a mandate for much needed reforms; but a survey of the leading candidates does not encourage much optimism on this score.

Presidential contenders

Soares himself will run as the Socialist candidate for the presidency. But he is having difficulty in signing up his Social Democrat partners in the governing coalition. Strong rank-and-file opposition has so far prevented Social Democrat chief **Mota Pinto** from formally pledging his support to Soares. Reports of corruption and personal scandals involving leading Socialists have contributed to a recent slump in the party's popularity (from 36 percent electoral support in 1983 to 23 percent now) as evidenced by the opinion polls; it is doubtful whether Soares will be able to reverse the trend before the elections.

On his left, the most serious challenger is **Maria de Lourdes Pintassilgo**, a "progressive Catholic" with close links to radical officers, the New Left and "liberation theology" buffs. She briefly functioned as prime minister after President Eanes installed her in the job. She is flexible and articulate enough to win some support from middle-class voters and disenchanted Socialists. Her trump cards are that she can expect the blessing of President Eanes and probably also of the hardline pro-Soviet Portuguese Communist Party (PCP) whose support among the electorate has been expanding (from 16 percent to above 23 percent, according to one survey) almost as fast as that of Soares. Socialists has been falling.

On Soares' right, it is doubtful whether a credible centrist or conservative civilian candidate will emerge. **Alberto João Jardim**, the Social Democrat president of Madeira's regional government, is a decisive personality with a certain following, but it is doubtful whether he can build a sufficient national powerbase to ensure his party's nomination.

Challengers in uniform

There is a chance that the Social Democrats and other parties of the center right will seek to sponsor a military challenger for the presidency. Two names are currently being canvassed, according to *EW*'s Lisbon correspondent. They are General **Firmino Miguel**, Deputy Chief of the Army Staff, who ranks number two in the army hierarchy; and General **Lemos Ferreira**, former Air Force commander

who, as Chief of Staff of the Armed Forces, is Portugal's top professional military man.

Firmino Miguel first came to political prominence as an aide and loyalist of General **António Spínola**, the figurehead for the 1974 coup whose revolution was quickly stolen from him by younger, Marxist-oriented officers. In the period of radical ascendancy, Miguel was eclipsed but emerged again, in 1976, to serve as defense minister in several governments. He is essentially a professional soldier, highly respected by his subordinates and peers, who has demonstrated a capacity to build bridges to the major political groups with the exception of the Communists. Some of the Social Democratic "barons" would like to back him as the successor to Eanes.

General Lemos Ferreira is an even more intriguing candidate. He displayed both resoluteness and persuasiveness, in high measure, when he sat in the leftist-controlled *Conselho da Revolução* as representative of the Air Force. He is no friend of the left. The Communists distrust and fear him as their most formidable internal adversary. Soares is wary of him too; and it took solid pressure from the joint service chiefs to confirm Ferreira in his present job.

Ferreira is bound to weigh his options carefully before deciding to jump into the presidential race. He would be obliged by law to resign his present post, which makes him, at least potentially, the supreme arbiter of the country's politics. Sources close to the general say that he will run only if two preconditions are met:

- a. Ferreira would wish to present himself as the "institutional" candidate of the armed forces as a whole.
- b. Rather than running on a party (or coalition) ticket, the general would seek to present himself as an "independent" and "national" candidate, with his own program, campaign organization, and "kitchen" cabinet. This demand creates real difficulties for centrist and conservative leaders who would like to support him, since they are nervous of paving the way for a presidentialist system that would leave them very much on the sidelines.

Still, General Ferreira may decide that if the country's social and political problems deepen, he will be as powerful as armed forces commander as he could hope to be as an elected president.

The *Forças Populares 25 de Abril* (FP-25 April) is expected to intensify their urban terrorist campaign. In addition, labor unrest is expected to accompany the economic crisis and rising unemployment. There is an active network of Communist cells in the army and navy. Extremists on both the left and the right may hope to profit from increased economic disruption as the government prints money to meet its obligations, creating the conditions for skyrocketing inflation.



Nuclear Freeze Campaign's 1985 Agenda

Some 750 nuclear freeze activists gathered at the Bel Aire Hilton in St. Louis from December 7-9 to debate their protest agenda for 1985. The organizing group was the Nuclear Weapons Freeze Campaign (NWFC). Among the most visible participants were the Institute for Policy Studies (IPS), Mobilization for Survival (MFS), the War Resisters League (WRL), the American Friends Service Committee (AFSC), and the Communist Party, USA (CPUSA) and a variety of its front organizations.

The 1985 "strategy paper" circulated at the conference stressed grassroots organizing "to bring overwhelming pressure to bear on our locally elected Congress to initiate a *de facto* bilateral freeze by suspending funds for nuclear weapons activities." On the freeze movement's calendar for the year ahead are the following dates:

- ★ **April 20-22:** A rally in Washington, accompanied by a "lobby-in at local Congressional offices until the time of the floor vote on freeze legislation."

- ★ **August 6-9:** Demonstrations to mark the 40th anniversary of the Hiroshima and Nagasaki atomic bombings, in concert with organizations abroad. The program calls for "nationally coordinated local activities" at nuclear weapons facilities and renewed pressure on Congress to cut off funding for all U.S. nuclear testing.
- ★ **Sometime in the Fall:** A "Moratorium Day to Stop the Nuclear Arms Race."

Origin of the Freeze Proposal

Proposals for a "freeze" on the production of nuclear weapons have circulated, in one form or another, since 1945. They were rejected by the Soviets and failed to catch fire with the protest movement in the West until **Leonid Brezhnev** espoused the idea of a "moratorium" on nuclear weapons production in his February 23, 1981 address to the 26th Congress of the Communist Party of the Soviet Union.

A freeze proposal drafted by **Randall Forsberg**, a former intern at the Stockholm International Peace Research Institute (SIPRI), by that stage had been circulating for two years. But the American left was only mobilized for action on this issue on a major scale after March 20, 1981, when a congress of "peace" activists was assembled at Georgetown University in Washington. Two invited Soviet participants were **Oleg Bogdanov**, an "active measures" specialist in the International Department of the CPSU in Moscow, and **Yuri Kapralov**, who has been identified as a KGB officer operating under diplomatic cover at the Soviet Embassy in Washington.

The CPUSA contribution

Both directly and through fronts like the U.S. Peace Council (which is the American affiliate of the Soviet-run World Peace Council), the Communist Party, USA has sought to play a guiding role in the freeze campaign. On the eve of the May, 1982 nuclear freeze rally at the United Nations, the internal CPUSA publication, *Party Organizer*, carried a number of highly practical articles on the techniques of "freeze" campaigning. In one of the most revealing, **Joelle Fishman**, a member of the party's Central Committee and its Connecticut

district organizer, described how to mount a petition drive and use it to force a town meeting on the issue. It is worth nothing that the individual who took the lead in organizing passage of a nuclear weapons freeze resolution by the Connecticut legislature, **Irving Stolberg**, was elected Speaker of the Assembly in January, 1983. He was also, at the time, a council member of the World Peace Council, a fact apparently unknown to other Connecticut legislators, as to the electorate as a whole.

Today, **Jesse Prosten**, a veteran Chicago-based labor activist with old CPUSA connections, is a member of the twelve-man strategy committee of the Nuclear Weapons Freeze Campaign. Other members of the NWFC's strategy committee include **Daniel Ellsberg**, of "Pentagon Papers" fame and **Betsy Taylor** of SANE, an "Old Left" disarmament lobby. Ms. Taylor has been involved in a number of IPS spin-offs, including the National Conference for Alternative State and Local Public Policies which has supported the idea of "nuclear free zones" on the municipal level.

Ignoring Russia's real peace activists

The NWFC's friends and guests in St. Louis evinced little interest in the plight of Soviet peace campaigners who have been incarcerated in psychiatric asylums and labor camps. According to recent reports, 27 members of the "Group to Establish Trust Between the USSR and the USA," an independent Soviet peace movement, are currently serving jail terms of between three and 17 years. One of them, **Alexander Shatravka**, recently managed to smuggle a letter out of his labor camp in Kazakhstan in which he detailed the torture and beatings to which he has been subjected.

The US "peace" movement, however, prefers to devote its energies to challenging the **Reagan** administration on every conceivable front. Thus the NWFC is one of the organizations involved in the so-called "Emergency Response Network," whose *raison d'être* is to "mobilize thousands to engage in acts of nonviolent resistance if the United States invades, bombs, sends combat troops, or otherwise significantly escalates its intervention in Nicaragua or El Salvador." [E]

Rajiv's Raj

Prime Minister **Rajiv Gandhi**, the latest member of the Nehru dynasty to rule India, has already scored notable success in pulling his country together after the multiple shocks of the closing months of 1984. These included the assassination of his mother, **Indira Gandhi**, in the wake of the army assault on Sikh separatists in the Golden Temple at Amritsar; the subsequent slaughter of Sikhs by Hindus; the chemical disaster at Bhopal; and an election campaign that was marred by violence. *EW*'s observers credit Rajiv with a keener commitment to expanding the private sector and India's world trade than either his mother or grandfather. They also caution that he is naïve about the Soviets, who are actively seeking to exploit his inexperience and whose "active measures" specialists may have helped to promote a current scandal involving alleged West European and CIA spy rings in New Delhi - a scandal that is being used to

neutralize anti-Communists in key posts and to confirm Rajiv's suspicions of the West.

The arbitrary way Rajiv was sworn in as interim Prime Minister after his mother's death smacked of a *coup d'état* more than any constitutional procedure. But he legitimized his authority dramatically in December, when his Congress-I Party captured 400 of the 508 seats in Parliament and won half the popular vote, compared with a maximum of 40 percent plurality in Indira's time. The extent of Rajiv's victory reflected the size of the sympathy vote and a desire for national unity rather than a mandate for any specific policies. Rajiv has since been issuing mixed signals, reassuring to private business but less so for those concerned about Soviet influence in New Delhi.

Rajiv has conceded that "the public sector has spread into

too many areas where it should not be," and has promised to "open up the private sector so that it can expand and the economy can grow freely." Some of his closest advisers have been recruited from private business. His cousin, **Arun Nehru**, the secretary-general of Congress-I and now junior minister responsible for power, and **Arun Singh**, his old school chum, who has been made one of the Prime Minister's three chief parliamentary assistants, are both former employees of British companies. Both men are noted for their energy and drive, and do not fit the familiar bureaucratic mold.

Bribes and Maharajahs

Rajiv campaigned heavily on promises to curb corruption. He dropped nearly a quarter of the Congress-I's 339 incumbent Members of Parliament before the elections, in many cases because of alleged financial improprieties. He also sacked more than half of Mrs. Gandhi's 45-member cabinet. The victims included Railways Minister **A.B. Ghani Khan Chowdhury**, a West Bengali who had frequently clashed with senior civil servants in his department and was accused of pumping large sums into his home constituency, and former Finance Minister **Pranab Mukherjee**, who had made the additional mistake of joining a Congress-I faction critical of Mrs. Gandhi. The new intake of Congress-I MPs includes a number of individuals close to Rajiv whose independent wealth and princely status place them virtually above suspicion of the corruption that has been so rife in the party. They include **Amitabh Bacchan**, the country's highest-paid film star; **Madhav Rao Scindia**, the Maharajah of Gwalior; **K.P. Singh Deo**, former ruler of the princely state of Mayurbhanj in Orissa; **Sri Datta Wodeyar**, son of the last maharajah of Mysore; and former diplomat **Kunwar Natwar Singh**, a member of the Bharatpur royal family of Rajasthan.

Foreign Minister Rajiv

Two of Rajiv's most interesting cabinet appointments are those of **K.R. Narayanan**, the former Ambassador to Washington, as Minister of Planning, and of Kunwar Natwar Singh, formerly India's Ambassador to Paris, as director of the steel industry. Both men were successful in their diplomatic posts and are Western-oriented. However, they have been shepherded away from direct responsibility for foreign affairs. Following his mother's example, Rajiv has retained the foreign affairs portfolio for himself.

It is worth recalling the fact the Rajiv made something of a speciality of hawkish anti-Pakistan diatribes before his mother's assassination and publicly charged that the United States is seeking to "encircle" India. He appears to regard Moscow as India's staunchest ally. In November, shortly after Rajiv's succession, the head of the Soviet trade delegation in New Delhi, **I.I. Semenov**, announced his optimism about the new Indian leader. Semenov stated that he expects Indian-Soviet trade to double between 1986 and 1990.

A special relationship between New Delhi and Moscow is, of course, nothing new. But while Indira Gandhi had the experience and intellectual formation to deal with the Soviets

while protecting her own interests, Rajiv is more likely to be the used than the user. Soviet use of India as a convenient place for poaching Western high technology will continue apace, despite a recent understanding between Washington and New Delhi on technology transfers. The U.S. has been seeking to promote warmer relations; witness the recent visit by a U.S. navy detachment and the trip to Washington by India's army chief. The Western education and life-style of many members of the ruling Indian elite - including Rajiv himself, whose wife is Italian - may also allay concern about Soviet inroads. But the Moscow-New Delhi *entente* is strong, and is reinforced by Indian fears of China and Pakistan, as well as by Soviet backing for India's pretensions to hegemony in South Asia.

India's relations with neighboring Sri Lanka and Pakistan have not improved during Rajiv's brief tenure of power, and military hostilities on either front cannot be ruled out. India is providing tacit support for separatist terrorism by minority Tamils in Sri Lanka, and has refused to crack down on guerrilla training camps in the southern Tamil Nadu state. In fact, India still refuses to acknowledge the existence of these terrorist bases, despite the capture by the Sri Lankan security forces in mid-January of extensive guerrilla documents confirming the extent of the clandestine infrastructure in India.

On the western front, tension seemed to be building almost inexorably towards an Indian-Pakistani war prior to Indira's assassination. **President Zia's** gesture in attending Mrs. Gandhi's funeral helped to repair relations, and Zia and Rajiv seem to have been able to establish some degree of personal dialogue. Here the potential role of the Soviets as spoilers could be critical. Determined to cut off Pakistani bases for rebel Afghan *mujahideen*, the Soviets are also engaged in long-range plans for the dismemberment of Pakistan, leading to the formation of a series of smaller client-states (Baluchistan, Pakhtoonistan, etc.) and the elimination of U.S and Chinese influence in the region. Maintaining maximum friction between India and Pakistan is central to these schemes.

Security shake-up

In the wake of Mrs. Gandhi's assassination, the Security Unit of the New Delhi Police is in disgrace, and has been deprived of responsibility for the physical protection of the Prime Minister. The Special Frontier Force (SFF), an elite commando unit attached to the Research and Analysis Wing, has been charged with protecting Rajiv, although its expertise lies mainly in less passive areas, like hostage rescue and sabotage behind enemy lines. There has been a purge of Sikh security personnel and police constables, leaving the Special Unit in New Delhi seriously short of manpower.

The foreign intelligence agency, the Intelligence Bureau (IB), also has been purged. The government's Chief Adviser on National Security, **R.K. Rao**, resigned immediately after the assassination. Intelligence Bureau Director **R.K. Kapur** was promptly fired, as was his deputy director for security, **Rattan Saigal**. The new head of the IB is the service's surviving senior deputy director, **H.A. Barari**; **S.D. Trivedi** took over as chief of the security division. A senior deputy director in the new dispensation, **M.K. Narayanan**, is regarded by informed sources as one of the IB's most capable officers. However, the new witchhunt against "CIA spies" must raise doubts about the possible politicization of the service. (C)

Middle East Update

1. The Saudis and falling oil prices. For all their riches, the Saudis are now obliged to make painful adjustments to falling revenues because of the slump in world oil prices, which is likely to go further. Nervous that Muslim fundamentalists and Shi'ites sympathetic to the **Khomeini** régime in Iran will seize the opportunity to initiate mass agitation, the authorities have been cracking down. Anyone who wishes to speak in a mosque must obtain permission from the Ministry of Interior; the Saudis have not forgotten that the organizers of the assault on the Great Mosque in Mecca in 1979 used religious meetings to incite political passions. Shia dissident leaders in the oil-rich Eastern Province have been told bluntly that they are free to leave for Iran, but must forfeit their Saudi passports if they do so. Saudi security has installed closer checks on the movement of Shi'ite employees from one oil installation to another. The Saudis have also asked for the help of Western agencies in monitoring the efforts being made by dissident Saudis and radical Arab organizations to recruit oil engineers who are studying abroad. On a number of occasions, according to *EW* sources in Riyadh, efforts have been made by radical organizers to maintain pressure on Saudi students after their return home by means of long-distance phone calls.

The long-term problems for the Saudis include the prospect of a rash of bankruptcies: many troubled businesses are currently being kept afloat artificially by banks that are anxious to protect their initial loans. This may produce disillusionment among younger members of the elite if they find that their expectations of wealth and prestige will have to be trimmed back severely. An influential Saudi professional told *EW* recently that, in order to contain the growth of an opposition movement, the régime will have to mandate greater popular participation in the political system. **King Fahd's** announcement that some kind of consultative body may now be established may be a step in this direction, but local observers are skeptical about whether it goes far enough.

2. PLO help for Shi'ite assassins. While new reports of covert Iranian support for the Sandinista régime in Managua have created a stir in Washington, *EW's* intelligence sources say that **Abu Iyad**, the PLO's intelligence chief has entered into another marriage of convenience: with the Iranian-backed fundamentalist Shia group, *al-Amal al-Islami* [Hope of Islam]. Headed by **Hussein Mussawi**, and operating with the support of both Iranian and Syrian intelligence, this Lebanese Shi'ite group has been responsible for successive tragic acts of terrorism against U.S. military and civilian personnel. Given the fact that the Syrians are at daggers drawn with Abu Iyad's boss, **Yasir Arafat**, it may seem an unlikely ally for the PLO. But there are practical benefits for both sides. *EW* has learned that in one exchange, shortly before Christmas, Abu Iyad supplied 35 fake passports to Mussawi's group in return for \$150,000. The passports, prepared by *Al Fatah's* well-equipped forgery factory in Cyprus, purport to be from Morocco, Jordan, Saudi Arabia, Kuwait, Bahrain and the United Arab Emirates (UAE) and are presumably intended to facilitate international travel by *al-Amal al-Islami* hitmen. There are further reports that the Shi'ite group has been helping Abu Iyad's teams to move around the Syrian-dominated Bekaa valley - supplying them, in some cases, with *Amal* passes. If these reports are confirmed, they may indicate that Abu Iyad has found a means to re-assert

Fatah's presence in Lebanese areas that were lost in the conflict between the Syrians and their protégés and the rump of the PLO - and so to strengthen his personal position within the Palestinian movement.

3. The Moroccan-Libyan "union". The word "union" has less force in French than in English, as Morocco's **King Hassan** recently observed in private discussion with an *EW* source on the subject of his strange alliance with Libya. He also revealed that he checked in advance with Saudi Arabia's **King Fahd** and received his blessing. The news might not have exploded as a bombshell in Washington last summer (according to a U.S. intelligence source) had not a technical intercept of discussions between Libya's **Colonel Qaddafi** and Hassan's close adviser and confidant, **Ahmed Reda Guedira**, been neglected during weekend doldrums.

The desire to contain the Saharan POLISARIO guerrillas (see below) was a key element in Hassan's consent to a "union" of fundamentally opposing régimes that seems more cosmetic than real. Morocco also is hoping for increased Libyan economic assistance - and access to the Libyan labor market - at a time of deep recession and unpopular austerity programs.

But despite private assurances from King Hassan that his basic allegiances remain unchanged, U.S. officials are worried about mutual security arrangements that may be emerging between Morocco and Libya. There is a disturbing report that two Libyan dissidents in exile in Morocco were deported to Libya - despite the fact that they had had dealings with U.S. officials and might therefore be exceptionally vulnerable to Qaddafi's vengeance. There is another report that twenty forged Libyan passports vanished from a safe in the Moroccan Embassy in a West European capital - perhaps turned over to Qaddafi as a gesture of goodwill. However, U.S. Ambassador **Joseph Reed** did manage to convince Hassan to rescind an agreement whereby Libyan planes bound for Havana would have been permitted to refuel in Morocco. (Aeroflot's Moscow-to-Havana flights continue to stop over in Casablanca.)

4. Algeria's proxy war with Morocco. Morocco's improbable "union" with Libya has alarmed the Algerians, who are supplying intensified support to the POLISARIO guerrillas. On January 12, POLISARIO forces launched a major attack, using T-55 tanks and jeep-mounted recoilless rifles, on a position in the tri-border area (between Morocco, Algeria and Mauritania) where the Moroccans are working on a "Saharan wall" to contain the rebels. In private discussions, **King Hassan** admitted not only that 29 Moroccans were killed, but that a Moroccan F-1 fighter plane was shot down with a SAM-6. The tank-mounted rocket was fired from inside Algerian territory, from a location about 15 miles south of Tindouf. The Moroccans have communicated the details to Algeria's President **Chadli Bendjedid**, but there is suspicion in Rabat that the attack was licensed by the Algerian government at the highest level. Algerian money was also responsible, in no small degree, for the recent decision by the Organization of African States (OAU), to seat a delegation representing the Western Saharan rebels.

While tension between Morocco and Algeria builds, the odds for the Moroccans in the protracted war with POLISARIO may

have been improved not only by the cut-off in Libyan support, but by the recent coup in neighboring Mauritania, which has produced a government that is less pro-Algerian than its predecessor. Suspicions that the French had a hand are encouraged by the fact that, shortly before it took place, France's chief of staff, **General Lacaze**, travelled to Nouakchott and took four high-ranking Mauritanian officers - men who might have stood in the way of the coup - back to Paris with him on a friendship visit.

Despite private assurances from King Hassan that his alliance with the world's most notorious terrorist leader, Colonel **Muammar Qaddafi**, has left his basic pro-Western policies unchanged, there is nervousness in Washington, and especially in Congress, where moves can be expected to cut off the limited U.S. aid program. The nervousness will increase if Hassan pursues new overtures to Moscow, as he has hinted strongly to well-placed sources that he intends to do. [C]



FLASHPOINTS

■ **Japan's growing role in Pacific defense.** Whenever one of the 30 Soviet nuclear submarines attached to the Pacific Fleet based at Vladivostok leaves port, it is tracked by a Japanese P3 Orion aircraft for the first 18 hours, before U.S. surveillance planes operating from Subic Bay in the Philippines take over. Japan's naval forces took part in the latest annual "RIMPAC" exercise with Australia, New Zealand and the U.S. And under the joint defense plan recently signed by Japan's Self-Defense Force commander General, **Keitaro Watanabe**, and the chief of U.S. forces in Japan, General **Edward Tixier**, American forces will help to Japanese to repel any invasion attempt. This agreement was the first successful attempt in 32 years to add real muscle to the U.S.-Japan Security Treaty.

Japan's expanding role in regional defense was near the top of the agenda during Prime Minister **Nakasone's** meetings with President **Reagan** in California and then with Australian Prime Minister **Hawke** in Canberra in mid-January. Hawke is due in Washington this month. Erosion of the ANZUS defense pact by a left-wing government in New Zealand which is promoting unilateral disarmament and the merits of a closer relationship with the Japanese are likely to be key topics. It is a sensitive issue for Australians, still influenced by memories of Japanese behavior during World War II. In current propaganda efforts intended to sow suspicion of Japan, Soviet "active measures" specialists are advancing the line that Nakasone is rearming in order to revive old-style Japanese imperialism. Reports to this effect have surfaced recently in the Philippines, Indonesia, Malaysia, Fiji, Papua New Guinea and various South Pacific island states.

■ **Savimbi's threat to the multinationals.** Dr. **Jonas Savimbi**, leader of the anti-Soviet UNITA movement in Angola that has been waging successful guerrilla resistance to the 30,000-strong Cuban army of occupation, has threatened to launch direct attacks on multinational companies operating in the north of the country. Gulf Oil, Elf-Aquitaine and the Brazilian state oil corporation, PETROBRAS, have apparently been singled out. Savimbi has long complained that revenue from Western oil companies is propping up the Marxist MPLA regime in Luanda. He says that the companies' failure to protest recent executions of UNITA sympathizers by firing squad is the reason he is making them targets.

■ **Soviets analysis of Brazil.** The victory of civilian opposition candidate **Tancredo Neves** in Brazil's indirect elections last month (as predicted long before by *EW*) may have Moscow's Latin American experts turning to a para-academic study, *Brazil: Economic and Socio-Political Trends*, recently published in Moscow under the auspices of the Institute of Latin America of the Soviet Academy of Sciences. The authors include a number of consultants to the CPSU's International Department and the KGB. They express satisfaction with "the relative weakening of U.S. positions in Brazil, as manifested in a reduction of the U.S. share in capital investment" and with "the growth of nationalism and the aspiration to conduct an independent foreign policy." Heavy stress is placed on the growth of "progressive" and "nationalist" sentiment in the church and "units of the military" and on the size of the state-controlled sector of the economy which is seen as "the focus of the struggle between imperialism and its accomplices . . . and the forces which favor national development independent of imperialism." An estimated 15,000 retired army officers are currently employed in state-owned companies.

One signal of the direction Tancredo Neves intends to steer will be gleaned from how he moves to control (or dismantle) the powerful internal security apparatus headed by the military-run **Serviço Nacional de Informações (SNI)**. With the exception of the Foreign Ministry, all government ministries have a military-run Security and Intelligence Department (DSI); and state-run companies and foundations each have a similar Security and Intelligence Advisory Office (ASI).

■ **Scaring the Allies.** Researcher **William Arkin** of the radical Institute for Policy Studies (IPS) in Washington has come up with a novel charge that seems sure to provide slogans for anti-U.S. protesters abroad. According to Arkin, the U.S. is ready, in time of war, to move nuclear depth charges to locations as varied as Iceland and Diego Garcia, Canada and the Philippines, to deal with the threat of Soviet nuclear submarine. In a recent interview, he further bemoaned the fact that the peoples of non-independent territories such as Puerto Rico "are not in a position to do anything about it." His apparent conclusion is that U.S. strategic contingency plans should be determined by a popular vote in every country on which the shadow of an American plane might fall. Until 1982, Arkin taught a course at the Defense Intelligence School while concurrently working for the European Nuclear Disarmament (END) organization and helping IPS to set up its "exchange" program with **George Arbatov's** Institute of the USA in Moscow. [C]

